

REBUTTAL TESTIMONY

of

THERESA EBREY

Accountant
Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Central Illinois Public Service Company, d/b/a AmerenCIPS
and
Union Electric Company, d/b/a AmerenUE

Proposed General Increase in Gas Rates

Docket Nos. 02-0798, 03-0008, 03-0009 (Cons.)

June 5, 2003

OFFICIAL FILE

ILL. C. C. DOCKET NO. 02-0798/03-0008/03-0009

ICC Staff Exhibit No. 10.0 Revised

Witness _____

Date 7/9/03 Reporter CB

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Witness Identification

1 Q. Please state your name and business address.

2 A. My name is Theresa Ebrey. My business address is 527 East Capitol Avenue,
3 Springfield, Illinois 62701.

4 Q. Have you previously provided testimony in this proceeding?

5 A. Yes, my direct testimony is ICC Staff Exhibit 3.0.

6 Q. What is the purpose of your rebuttal testimony?

7 A. I am presenting rebuttal testimony addressing the Cash Working Capital and
8 Materials and Supplies issues as discussed in the rebuttal testimony of
9 AmerenCIPS/UE ("Ameren," "Company" or, jointly "Companies") witness
10 Nagendra Subbakrishna. (AmerenCIPS/UE Exhibit No. 17.0.)

11 I am also presenting rebuttal testimony addressing Uncollectibles Expense as
12 discussed in the rebuttal testimonies of Ameren witnesses Jimmy L. Davis
13 (AmerenCIPS/UE Exhibit No. 11.0 (Revised)), Thomas G. Opich
14 (AmerenCIPS/UE Exhibit No. 14.0) and Laurie H. Karman (AmerenCIPS/UE
15 Exhibit No. 22.0).

16 In addition, I am presenting rebuttal testimony addressing Advertising Expense
17 and Income Tax Expense as discussed in the rebuttal testimony of Ameren
18 witness Thomas G. Opich. (AmerenCIPS/UE Exhibit No. 14.0.)

19 Q. What is your understanding of adjustments you proposed in direct testimony that
20 the Companies are not opposing?

21 A. It is my understanding that the Companies are not opposing the adjustments
22 proposed to Charitable Contributions (AmerenCIPS), Membership Dues
23 (AmerenCIPS) and Customer Deposits and Interest on Customer Deposits
24 (AmerenCIPS and AmerenUE).

25 Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 10.0?

26 A. Yes, I have prepared the following schedules relating to the Companies, which
27 show data as of, or for the test year ending June 30, 2002:

28	Schedule 10.1 CIPS	Adjustment to Cash Working Capital
29	Schedule 10.1 UE	Adjustment to Cash Working Capital
30	Schedule 10.2 CIPS	Adjustment to Materials and Supplies
31	Schedule 10.2 UE	Adjustment to Materials and Supplies
32	Schedule 10.3 CIPS	Adjustment to Uncollectibles Expense
33	Schedule 10.3 UE	Adjustment to Uncollectibles Expense
34	Schedule 10.4 CIPS	Adjustment to Advertising Expense
35	Schedule 10.4 UE	Adjustment to Advertising Expense
36	Schedule 10.5 CIPS	Adjustment to Charitable Contributions
37	Schedule 10.6 CIPS	Adjustment to Membership Dues
38	Schedule 10.7 CIPS	Adjustment to Customer Deposits and Interest
39	Schedule 10.7 UE	Adjustment to Customer Deposits
40	Schedule 10.8 CIPS	Adjustment to Income Tax Expense

41 Schedule 10.8 UE Adjustment to Income Tax Expense

42 **Cash Working Capital**

43 Q. Please explain Schedules 10.1, Adjustment to Cash Working Capital.

44 A. Schedules 10.1 reflect my disallowance in total of Ameren's Cash Working
45 Capital ("CWC").

46 Q. What is your rationale for disallowing Ameren's cash working capital?

47 A. The lead/lag study and thus the CWC adjustment for both AmerenCIPS and
48 AmerenUE should be disallowed in their entirety due to the continued multiple
49 flaws involved in the study, discussed in detail later in my testimony. The
50 Companies in AmerenCIPS/UE Exhibit No. 17.0 corrected only three of the ten
51 flaws listed in my direct testimony. However, some of the flaws involving
52 changes to the methodology and raw data were not adequately addressed in
53 Ameren's rebuttal testimony. In addition, as I further analyzed the mechanics of
54 the lead lag study presented by the Companies in rebuttal testimony, I
55 discovered additional flaws. In rate case filings the burden of proof lies with the
56 utility seeking the rate increase and in the instant case, the Companies have
57 failed to prove the need for the CWC requested. Thus, my rebuttal position
58 continues to disallow Ameren's request for CWC.

59 Q. Please identify the flaws you found in the Companies' CWC position in your
60 direct testimony.

61 A. Following are the flaws identified in ICC Staff Exhibit 3.0:

1. CWC requirement improperly reflected for all operating revenues
(resolved);
2. Unnecessary separate lag for purchased gas adjustment ("PGA")
revenues;
3. Improper calculation for gas purchases included in PGA calculation
based upon a three month true-up lag rather than a two month lag;
4. Improper inclusion of fuel costs;
5. Improper inclusion of non-cash items (resolved);
6. Improper inclusion of non-Illinois property in real estate calculation
and improper inclusion of more than one year of taxes for some
parcels of property;
7. Inappropriate inclusion of float for payroll (resolved);
8. Inconsistently applied mid-point theory;
9. Inappropriate obligation date theory; and
10. Lack of recognition of Service Company involvement with cash
flow.

Q. How were flaws 1, 5, and 7 above resolved by the Companies in their rebuttal positions?

A. The Companies suggest that their rebuttal position reflected acceptance of seven of the ten flaws pointed out by Staff. However, only three of the flaws have been corrected in the Companies' revised lead/lag study. The Companies have resolved flaw 1 above by utilizing a net lag approach in their lead/lag analysis.

84 By excluding uncollectibles expenses and amortization of rate case expenses
85 from other operations and maintenance expenses, flaw 5 has been resolved.
86 The Companies have also resolved flaw 7 by excluding float from the payroll
87 analysis. (AmerenCIPS/UE Exhibit No. 17.0, p. 4.)

88 Q. Have the Companies made other changes in their rebuttal testimony addressing
89 the flaws?

90 A. Yes. The Companies also proposed the following changes:

- 91 1. Revision of PGA Revenue Lag;
- 92 2. Revision of expense lead-time for real estate taxes;
- 93 3. Use of mid-point approach for Group Health Insurance expense;
- 94 4. Use of mid-point approach for Group Life Insurance expense;
- 95 5. Inclusion of only one year of data for real estate taxes;
- 96 6. Inclusion of only one year of data for corporate franchise taxes;
- 97 7. Revision of expense lead-time for ICC Gas Revenue ("PUF");
- 98 8. Revision of expense lead-time for Gas Revenue Tax; and
- 99 9. Addition of 15.21 days invoice processing lead-time for other
100 operations and maintenance expenses.

101 **PGA Revenue Lag**

102 Q. What is your position regarding the PGA Revenue lag?

103 A. My position remains that it is unnecessary to use a separate lag for PGA
104 revenues. As stated in my direct testimony, each customer receives only one bill
105 each month, which includes PGA charges, as well as all other charges for gas
106 service. Each customer only makes one payment for those bills, not a separate
107 payment for the PGA portion. Therefore, there is no different lag to be
108 considered for PGA revenue.

109 Q. If the Commission were to decide that a separate PGA revenue lag is
110 appropriate, what is your opinion of the calculation presented by the Companies?

111 A. The Companies' calculation is flawed and would have to be corrected as
112 suggested in the discussion below, if the Commission decides a separate PGA
113 lag is appropriate in this analysis.

114 Q. What is your understanding of the Companies' revised PGA Revenue Lag
115 calculation?

116 A. The Companies corrected the error from their direct testimony position by
117 reducing the three-month lag used in the initial calculations and using a two-
118 month lag for the PGA revenue calculation. However, the calculations in the
119 revised work papers and described in AmerenCIPS/UE Exhibit No. 17.0 use
120 Schedule II, line 9 from the monthly PGA filings for the test year. What the
121 Ameren witness fails to understand is that the amounts shown on Schedule II,

122 line 9 on the monthly PGA filings are not the amount of under(over) recovery
123 attributable to any given month. The amounts shown on Schedule II, line 9 of the
124 monthly PGA filings represent the Adjusted under(over) recovery amounts for a
125 given month plus the Total Unamortized Balance of Adjustments, including
126 Interest from a previous filing month. The calculation in effect is double counting
127 unamortized amounts as well as interest on those amounts.

128 Q. Is there a more appropriate amount that is representative of the actual
129 incremental under(over) recovery for a given month?

130 A. Yes. Referring to the Companies' monthly PGA filings, Schedule II, line 3 is the
131 "under/(over) recovery of gas costs for the period." Substituting data from
132 Schedule II, line 3 of the monthly PGA filings in the Companies' spreadsheets,
133 proves that the PGA lag has only a slight impact on the Revenue lag, as
134 presented on line 8 of Attachment B for AmerenCIPS and Attachment D for
135 AmerenUE.

136 Q. Do you offer other support that Schedule II, line 3 is the appropriate source for
137 data to be used in the PGA Revenue lag calculation?

138 A. Yes. In response to Staff data request CIPS-TEE-092, Ameren indicated that it
139 makes monthly journal entries recording the over/under PGA recoveries.
140 Included in response to Staff data request CIPS-TEE-093 were work papers
141 supporting those journal entries for the test year. The amounts for the monthly
142 over/under recoveries correspond to the amounts on Schedule II, line 3 of

143 AmerenCIPS' monthly PGA filings, indicating that those are the monthly
144 incremental amounts of over/under recoveries.

145 Q. Is there other evidence to support your contention that Ameren is using the
146 incorrect amount in its calculation?

147 A. Yes. According to the Companies' revised work papers, 66.4 % of the
148 AmerenCIPS PGA Revenue (Weight on True-Ups) is not charged to customers
149 until two months after the costs are incurred, with only 33.6% (Weight on
150 Residual) charged in the month estimated (Attachment A). For the AmerenUE
151 PGA Revenue, 60.6% (Weight on True-Ups) is charged two months after costs
152 are incurred with 39.4%(Weight on Residual) charged in the month estimated
153 (Attachment C).

154 The PGA mechanism was developed so that the estimated recoveries in any
155 given month offset 100% of the estimated gas costs for that month. If a utility is
156 not charging 2/3 of its costs until two months after they are incurred, which the
157 Companies' analyses would indicate, the PGA estimation process used by the
158 utility needs to be revised. Ratepayers should not have to fund the flaws in the
159 Companies' PGA estimation process.

160 **Real Estate Expense Lead**

161 Q. Do you agree with the Companies' revisions to the real estate expense lead-
162 time?

163 A. While I agree with the Companies' revised methodology to use a mid-point in
164 calculating the lead-time associated with real estate taxes, the calculation is
165 flawed. For the final three areas listed on the revised AmerenCIPS work paper,
166 Woods County, East Carroll Parish, and West Carroll Parish, the Weighted Lead
167 Times are based on the difference between the beginning of the Start Date and
168 End Date of the period rather than the difference between the midpoint of the
169 period and the check date as all other areas are calculated.

170 **Group Health Insurance Expense Lead**

171 Q. Do you agree with the Companies' revisions to the Group Health Insurance
172 expense lead-time?

173 A. While it appears the Companies are correctly using the mid-point methodology
174 for this area, there appears to be a typographical error and thus incorrect
175 calculations in the spreadsheet. The charges for Healthlink Open Access and
176 PPO with coverage Beginning Dates of 3/1/02 also both show Coverage Ending
177 Dates of 3/31/2001. Since the beginning date is eleven months after the ending
178 date, there appears to be an error. The error results in incorrect Total Lead Time
179 for Group Health Administrative fees.

180 **Group Life Insurance Expense Lead**

181 Q. Do you agree with the Companies' revisions to the Group Life Insurance expense
182 lead-time?

183 A. No. The work papers provided in response to CIPS and UE-TEE-086 indicate
184 that the calculation for AmerenCIPS Group Life Insurance continues to use the
185 invoice date for measurement rather than the Check Date. The work papers
186 supporting the AmerenUE lead/lag study appropriately use the Check Date as
187 the measurement date for lead-time.

188 **Real Estate Tax Data**

189 Q. The Companies state that they are now using only one year of real estate tax
190 data in their analysis. Do you agree?

191 A. No. For the AmerenCIPS calculation, both tax years 1999 and 2000 for Jackson
192 County are included in the calculation. While both may have been paid in 2001,
193 only one year's expense should be included in the cash working capital
194 calculation.

195 **Corporate Franchise Tax Data**

196 Q. The Companies state that they are also now using only one year of data for
197 corporate franchise tax. Do you agree?

198 A. While I agree with the Companies' revision to only include corporate franchise
199 taxes for one year, the Companies' calculations include payment of the taxes 15
200 days (AmerenCIPS) and 17 days (AmerenUE) before the actual due dates for the
201 respective payments. This prepayment decision on the part of the Companies
202 should not be passed on to ratepayers through a cash working capital
203 requirement.

204 **Pass-Through Taxes**

205 Q. Do you agree with the revisions of expense lead-times for the PUF Tax and the
206 Gas Revenue Tax?

207 A. No. Ameren should consistently use the mid-point theory in calculating lead
208 times for all costs, which encompass a period of time, including pass-through
209 taxes.

210 Q. How have the Companies treated these pass-through taxes in their analysis?

211 A. The Companies are inconsistent in the treatment of pass-through taxes. While
212 the Companies describe both the PUF Tax and the Gas Revenue Tax as "pass-
213 through taxes to which no mid-point method was applied" (AmerenCIPS/UE
214 Exhibit No. 17.0, p. 13), the methodologies used to calculate the Nominal Lead-
215 Time for these two similar taxes are different. The PUF Tax Nominal Lead Time
216 is based on both post-paid and pre-paid lead-times. The Gas Revenue Tax
217 Nominal Lead Time is calculated as the difference between the beginning of
218 Period Date and the Check Date as presented on the revised Ameren CWC
219 lead/lag study work papers.

220 Q. How has Ameren treated other "pass-through" taxes for purposes of calculating a
221 CWC requirement?

222 A. While there are apparently four different types of pass-through taxes included in
223 the analysis, three different methods of computing the Total Lead Time have
224 been used. In response to Staff data request CIPS-TEE-044, the Company

225 indicated that in addition to the PUF Tax and Gas Revenue Tax, other pass-
226 through taxes include Gross Receipts Tax and Energy Assistance Charges. For
227 the Gross Receipts Tax, the Company based the Nominal lag on 12 payments
228 made per year with no consideration given to the actual dates paid. For the
229 Energy Assistance Charges, the Company used the difference between the
230 check date and the beginning of the liability period with no consideration given to
231 the period of time covered.

232 Q. Do you have any other comments regarding the Companies' discussion of the
233 PUF Tax and Gas Revenue Tax?

234 A. Yes, the Company misrepresents Staff's position regarding the appropriate
235 calculations for PUF Tax and Gas Revenue Tax stating that Staff suggested the
236 methodology the Companies utilized in the revised analysis for these two taxes.
237 My discussion in ICC Staff Exhibit 3.0, page 8 only points out the inconsistencies
238 in the Companies' application of the mid-point theory; I did not suggest the
239 revisions the Companies made in their rebuttal testimony to calculate the CWC
240 requirement related to PUF and Gas Revenue Taxes.

241 **Invoice Processing Lead Time**

242 Q. Describe your understanding of the addition of 15.21 days invoice processing
243 lead-time for other operations and maintenance expenses included in the
244 Companies' revised lead/lag study?

245 A. The Companies, in an attempt to consider the obligation dates in their analyses,
246 arbitrarily added 15.21 days invoice processing lead-time for other operations
247 and maintenance expenses. However, the Companies offer no support for this
248 number other than to provide a calculation (365/12/2) and to state that it is now
249 consistent with the expense lead-time calculation for fuel expense. This change
250 is inconsistent with the response to Staff data request CIPS and UE-TEE-081
251 provided on May 14, which states:

252 Vendors typically provide an invoice on or around the date on which a
253 good is provided. From the experience of the Companies' most vendors
254 of goods tend to follow this practice.

255 Q. Do you have any other comments regarding the Companies' discussion of the
256 Obligation Date Theory in AmerenCIPS/UE Exhibit No. 17.0?

257 A. Yes. The Company misrepresents Staff's position regarding the appropriate
258 application of the Obligation Date Theory stating that Staff suggested the issue
259 was a matter of inconsistency between fuel expense and other operations and
260 maintenance expense. To the contrary, Staff's position in ICC Staff Exhibit 3.0 is
261 that the Companies were consistent in their treatment for these expenses in that
262 the specific delivery dates were not considered in the analyses of either of these
263 expense categories. (ICC Staff Exhibit 3.0, p. 9.) With no consideration given to
264 the receipt of goods or services other than an arbitrary, unsupported amount, the
265 Companies' analyses can be given little, if any, consideration in the development
266 of a CWC requirement.

267 **Fuel Expense**

268 Q. What is your current position with regard to the inclusion of fuel expense in the
269 lead/lag study?

270 A. Upon further consideration, it would seem appropriate to include a component for
271 fuel expense. However, based on the concerns with Ameren's analyses
272 identified below, and with the limited time available for further review, I cannot
273 recommend approval of the CWC requirement for fuel costs.

274 Q. Does the analysis performed by Ameren support the CWC requirement for fuel
275 expense?

276 A. No. In response to Staff data request CIPS-TEE-065, Ameren provided copies of
277 all invoices listed on AmerenCIPS work paper WPB-5.2a-35. The review of
278 those invoices revealed the following concerns:

- 279 1. Twenty-three of the sixty-four invoices listed (\$6.903 million) were for
280 AmerenUE fuel (PGA) costs.
- 281 2. One invoice (\$1.263 million) was for Interchange Sales, a cost of electric
282 operations.
- 283 3. Twenty-seven of the sixty-four invoices listed (\$9,330 million) were outside
284 the test year.
- 285 4. Two of the invoices listed (\$.611 million) were charges for facilities built by
286 NGPL.

- 287 5. Four of the invoices listed (\$.877 million) were not supported by Ameren.
- 288 6. In reviewing the entire analysis for fuel (PGA) expense, 341 of the 604
- 289 invoices listed were outside the test year, with dates ranging from 11/99 –
- 290 8/02.
- 291 Q. Do you have similar concerns with the AmerenUE analysis?
- 292 A. Yes. In reviewing the analysis performed for AmerenUE, the following concerns
- 293 were noted:
- 294 1. Fourteen of the invoices provided in support of the AmerenCIPS analysis
- 295 (\$3,184 million) were also included in the AmerenUE analysis.
- 296 2. Nine of the invoices listed in 1. above (\$2,372 million) were for
- 297 AmerenCIPS fuel (PGA) costs.
- 298 3. Two of the invoices listed in 1. above (\$.611 million) were for facilities built
- 299 by NGPL.
- 300 4. In reviewing the entire analysis for fuel (PGA) expense, 108 of the 181
- 301 invoices listed were outside the test year, with dates ranging from 11/99 –
- 302 7/02.
- 303 5. It appears that the invoices are not limited to the AmerenUE jurisdictional
- 304 gas charges. The invoices for the test period alone total \$23,726 million
- 305 which is 151% more than the total fuel (PGA) expense (\$9,434 million)
- 306 included in AmerenUE's filing in this docket.

307 Q. What is your opinion regarding the calculation of the Nominal Lead-Time as
308 provided on the Companies' revised cash working capital lead/lag study work
309 papers?

310 A. My position remains that the Companies fail to appropriately apply the obligation
311 date theory. (ICC Staff Exhibit 3.0, p. 9.) Ameren continues to use the arbitrary
312 15.21 service lag and adds to that the number of days between the invoice date
313 and the check date to calculate the nominal lead-time for fuel expense. Review
314 of the invoices provided in response to Staff data request CIPS-TEE-065 clearly
315 indicates delivery dates for the fuel invoiced. While some deliveries were fairly
316 evenly spread throughout the month, other deliveries occurred in only a couple of
317 days during the month. A thorough analysis of fuel costs should take these
318 various delivery dates into consideration.

319 Q. What is your opinion regarding the Companies' analyses regarding the CWC
320 requirement for fuel expenses?

321 A. Since the CWC requirement for fuel expense is 87% of the total revised
322 AmerenCIPS CWC requirement (\$6,451/\$7,386) and the CWC requirement for
323 fuel expense is 79% of the total revised AmerenUE CWC requirement
324 (\$663/\$840), the data used to develop the CWC factors for fuel expense warrant
325 more intense review than other expense areas on a materiality basis. Based on
326 the concerns identified above, little, if any, weight can be given to the analyses
327 conducted by the Companies in developing the CWC requirements for fuel
328 expenses.

329 Q. In summary, what is your recommendation regarding Ameren's CWC
330 requirement for fuel expense?

331 A. Due to the continued flaws relating to the concerns noted above regarding the
332 data used in developing the Total Lead Time, as well as the calculation of the
333 nominal lead time, the Companies' analyses do not support the lead-time.
334 Therefore, no allowance for fuel expense should be included in the CWC
335 requirement.

336 **Materials and Supplies**

337 Q. Please explain Schedules 10.2, Adjustments to Materials and Supplies.

338 A. Schedules 10.2 reflect my rebuttal testimony position to reduce the Companies'
339 test year materials and supplies inventory balance for the amount of average
340 materials and supplies included in accounts payable. The Companies revised
341 the Materials and Supplies amounts to be included in rate base in the Schedules
342 on AmerenCIPS Exhibit No. 14.2, and AmerenUE Exhibit No. 14.2.

343 Q. What is your understanding of the Companies' position with regard to Materials
344 and Supplies as adjusted in your direct testimony?

345 A. The Companies recommend that Staff's adjustment to Materials and Supplies be
346 accepted only if the Commission also approves an appropriate amount of cash
347 working capital in rate base. (AmerenCIPS/UE Exhibit No. 17.0, p. 21.) The
348 Companies are erroneously trying to tie two distinct elements of working capital
349 together. Cash working capital is an expense-based component of rate base,

350 while Materials and Supplies Inventories are an asset-based component of rate
351 base.

352 Q. How has the Commission previously treated adjustments to Materials and
353 Supplies and Cash Working Capital?

354 A. The Order in Illinois Power Company Docket Nos. 99-0120/99-0134 (Cons.),
355 cited by Company witness Subbakrishna (AmerenCIPS/UE Exhibit No. 17, p.
356 21), states:

357 The Commission notes that Staff's adjustment pertains only to the
358 inventory portion of materials and supplies, not to the expense portion.
359 Therefore, Staff's adjustment is not already reflected in the cash working
360 capital allowance and does not result in double accounting of accounts
361 payable. Accordingly, Staff's adjustment is reasonable and is approved.

362 This Order clearly supports Staff's position that the Materials and Supplies
363 adjustment is asset-based, distinct from the expense-based cash working capital
364 adjustment. The Commission has agreed with the reasoning presented by these
365 adjustments and has accepted such adjustments in the past as evidenced by
366 Commission Orders listed in ICC Staff Exhibit 3.0, page 12.

367 **Uncollectibles Expense**

368 Q. Please explain Schedules 10.3, Adjustments to Uncollectibles Expense.

369 A. Schedules 10.3 reflect my adjustments to uncollectibles expense applying the
370 five-year average rate to the Companies' requested revenue consistent with that
371 proposed in Staff's direct testimony.

372 Q. The Companies present AmerenCIPS/UE Exhibit No. 11.4 (Rev.), which reflects
373 NYMEX gas futures prices for various time periods. The Companies further state

374 that the price of gas is trending upwards. (AmerenCIPS/UE Exhibit No. 22.0, p.

375 4.) How do you respond to this argument?

376 A. Staff witness Lounsberry, in ICC Staff Exhibit 11.0, is addressing Ameren's
377 reliance on future gas prices, as they relate to uncollectibles expense.

378 Q. Do you find Ameren's rebuttal testimony regarding uncollectibles expense
379 convincing?

380 A. No. Ameren claims that using a five-year average to calculate uncollectibles
381 expense does not consider rising gas prices. That statement would be true if
382 Staff's five-year average were based strictly on the amount of expense recorded
383 in the five-year period. However, Staff's calculation is an average of the
384 uncollectibles rate calculated as a percentage of revenues over the most recent
385 five-year period. That percentage is then applied to the actual test year revenues
386 to calculate uncollectibles expense for the test year. Since both AmerenCIPS
387 and AmerenUE utilize purchased gas adjustment clauses, those revenues are
388 directly related to the cost of gas. In response to Staff data request CIPS and
389 UE-TEE-087, Ameren acknowledges that Staff's adjustments are based on the
390 percent of revenues method, which takes into account both the level of
391 uncollectibles expense and the level of gas revenues for the test year.

392 Q. Ameren presents various graphs and discussion of economic indicators
393 suggesting a correlation between the strength of the economy and the ability of
394 customers to pay their bills. (AmerenCIPS/UE Exhibit No.22.0, pp. 4-8.) How do
395 you respond?

396 A. The Company selected a historical test year as the basis for its requested
397 revenue increase in this proceeding. My understanding is that using forecasted
398 information as the basis for adjustments in a historical test year is not permitted.
399 The Commission's Standard Filing Requirements, 83 Ill. Admin. Code 285,
400 Section 150 (e), allow for pro forma adjustments for all known and measurable
401 changes in the operating results of a historic test year or if the changes are
402 determinable. Therefore, my adjustment, based upon the historical experience of
403 actual revenues and uncollectibles expense, is appropriate.

404 Q. Has the Commission previously approved the percent of revenues methodology
405 for calculating uncollectibles expense?

406 A. Yes. The percent of revenues methodology is consistent with that approved in
407 the Orders in Illinois Power Company, Docket No. 99-0120; Consumers Illinois
408 Water Company, Docket No. 99-0288; AmerenCIPS and AmerenUE, Docket No.
409 00-0802; Lake Wildwood, Docket No. 01-0663; and MidAmerican Energy
410 Company, Docket No. 01-0696.

411 Q. How does your adjustment to uncollectibles expense compare to Attorney
412 General ("AG") witness Effron's adjustment in AG Exhibit 1.0P, Schedule C-2?

413 A. Our adjustments are similar, in that they normalize uncollectibles expense over a
414 five-year period. However, since my adjustment reflects an average of both the
415 expense and revenue components, it should be adopted instead of Mr. Effron's,
416 since his adjustment only averages the expense amounts and does not account
417 for the cost of gas.

418 **Advertising Expense**

419 Q. Please explain Schedules 10.4, Adjustments to Advertising Expense.

420 A. Schedules 10.4 reflect my adjustments to advertising expense which disallow
421 both out-of-period costs and costs which do not reflect an ongoing level of
422 expense.

423 Q. What is your understanding of the Companies' arguments regarding Staff's
424 Advertising Expense adjustments?

425 A. The Companies' argument is two-fold. First, the Companies claim that if an
426 expense has been paid during the test year, that is reason enough to include it in
427 a reasonable level of expense. The costs in question pertain to the Notice of
428 Filing the reconciliation of revenues and costs under AmerenCIPS' and
429 AmerenUE's Environmental Adjustment Clauses. These Notices ran in Illinois
430 newspapers in mid-July 2001 for the 2000 reconciliation period and again in late
431 April and early May 2002 for the 2001 reconciliation period. Since these
432 reconciliations are performed annually, it is not reasonable to include two years
433 of expense for the Notices of Filing based solely on the fact that the payments
434 were both made during the test year.

435 Q. What is the Companies' second argument with regard to Advertising Expense?

436 A. The Companies state that since a Notice of Filing is required for these rate
437 cases, that expense should be recouped in rates being set. This type of cost is

438 not representative of an on-going level of expense, since rate cases are not filed
439 on an annual basis and, therefore, should be disallowed.

440 **Charitable Contributions**

441 Q. Please explain Schedule 10.5 CIPS, Adjustment to Charitable Contributions.

442 A. Schedule 10.5 CIPS reflects my adjustment to remove items from the
443 AmerenCIPS' operating expenses because the contributions are promotional,
444 political in nature, specific to the Electric Industry, specific to AmerenUE, or
445 Chamber of Commerce related events. AmerenCIPS's adjusted amount for
446 Charitable Contributions reflected on AmerenCIPS Exhibit No. 14.5 and
447 discussed on pages 2-3 of AmerenCIPS/UE Exhibit No. 14.0 accepts Staff's
448 adjustment. Since Ameren CIPS accepted Staff's level of Charitable
449 Contributions in its rebuttal position, Staff's adjustment is now shown as zero.

450 **Membership Dues**

451 Q. Please explain Schedule 10.6 CIPS, Adjustment to Membership Dues.

452 A. Schedule 10.6 CIPS reflects my adjustment to remove certain community
453 organization dues from AmerenCIPS' recoverable miscellaneous general
454 expenses not necessary in providing utility service. Ameren's adjusted amount
455 for Membership Dues Expense reflected on AmerenCIPS Exhibit No. 14.5 and
456 discussed on pages 2-3 of AmerenCIPS/UE Exhibit No. 14.0 accepts Staff's
457 adjustment. Since AmerenCIPS accepted Staff's level of Membership Dues in its
458 rebuttal position, Staff's adjustment is now shown as zero.

459 **Customer Deposits and Interest Expense**

460 Q. Please explain Schedules 10.7, Adjustment to Customer Deposits and Interest
461 Expense.

462 A. Schedules 10.7 reflect my adjustments to reflect in AmerenCIPS and
463 AmerenUE's test year rate base the 13-month average balance of customer
464 deposits. Ameren's adjusted amounts for Customer Deposits and Interest
465 Expense, Ameren CIPS Exhibit No. 14.6 and AmerenUE Exhibit No. 14.6 as
466 discussed on pages 2-3 of AmerenCIPS/UE Exhibit No. 14.0, accepts Staff's
467 adjustments. Since the Company accepted Staff's levels of Customer Deposits
468 and Interest Expense in its rebuttal position, Staff's adjustments are now shown
469 as zero.

470 **Income Tax Expense**

471 Q. Please explain Schedules 10.8, Adjustment to Income Tax Expense.

472 A. Schedules 10.8 present my proposed adjustments to correct AmerenCIPS' and
473 AmerenUE's test year income tax expense.

474 Q. In AmerenCIPS/UE Exhibit No. 14.0, page 22, the Company states, "[t]he Staff's
475 calculation fails to reflect the Schedule M tax deductions." How do you respond?

476 A. In response to Staff data requests CIPS TEE-095 and UE TEE-095, the
477 Companies indicated that all "Other Deductions" considered in their income tax
478 calculations were the result of temporary differences. Thus, those items should
479 not be considered for ratemaking purposes.

480 Q. Why should only those items resulting from permanent differences be reflected in
481 the income tax expense calculation for ratemaking purposes?

482 A. Since Illinois is a tax normalization state for ratemaking purposes, items that are
483 the result of a temporary difference such as depreciation expense for tax
484 purposes versus book purposes are not considered in calculating the total
485 income tax expense for the test year.

486 Q. Is there any other reason why your adjustment should be approved?

487 A. Yes. The Staff Revenue Requirement model calculates the income tax effect of
488 each adjustment independently of any other adjustments. Column F on
489 Schedule 1.1UE titled "Staff Gross Revenue Conversion Factor" makes
490 corrections to the Company-proposed increase to reflect the grossed-up income
491 needed to achieve the increased net income proposed by the Company as well
492 as the applicable income taxes. Staff's model assumes the income taxes
493 reflected in Column B, Company Pro Forma Present, reflect the appropriate
494 taxes for the income before taxes calculated in that column. The taxes provided
495 in the Companies' Schedules C-1, Column D do not reflect the correct amount of
496 income taxes.

497 Q. How does this method differ from that used by AmerenUE?

498 A. AmerenUE, in its calculations, attempted to combine the impact of negative taxes
499 on the Net Loss on Operations as Adjusted at Present Rates with its calculation
500 of the Revenue Deficiency (AmerenUE WPA-3) resulting in the Proposed
501 Increase (AmerenUE Schedule C-1, column (E)). AmerenUE, in effect,

502 attempted to combine the negative income taxes on its net loss with the
503 calculation of the proposed increase. By combining these amounts, the
504 Company AmerenUE has understated the proposed increase needed to result in
505 the net income and return on rate base it is requesting.

506 **Accumulated Deferred Income Tax**

507 Q. In your direct testimony, you had concerns about the AmerenUE IRS Income Tax
508 audit and its impact on this rate case. Have those concerns been addressed?

509 A. Yes. The Company AmerenUE provided the journal entries it made in March
510 2003 to record the adjustment in Accumulated Deferred Income Tax resulting
511 from the audit. All of the items adjusted related to electric operations and thus
512 have no impact on this rate filing.

513 **Conclusion**

514 Q. Does this question end your prepared rebuttal testimony?

515 A. Yes.

AMEREN CORPORATION
CENTRAL ILLINOIS PUBLIC SERVICE
CASH WORKING CAPITAL/LEAD-LAG STUDY
CALCULATION OF PGA LAG

PGA Amount: \$ 86,819
PGA True-Ups: \$ 57,610
Residual PGA Amount: \$ 29,209
Weight on True-Ups: 66.4%
Weight on Residual: 33.6%
PGA True-Up Lag: 60.79 days
Residual PGA Lag: 41.45 days
Weighted PGA Lag: **54.28** days

Service Beginning Date	PGA Recovery Beginning Date	Nominal Lag	Total Adjustments to Gas Costs before Amortization				Weighting Factor	Weighted Lead
			Commodity Charge Amount	Demand Gas Charge Amount	Take or Pay Charge Amount	Total Amount		
A	B	C	D	E	F	G = D+E+F	H	I = H * C
04/01/02	06/01/02	61.00	\$ 1,853,389	\$ 670,479	\$ (372)	\$ 2,523,496	4.38%	2.67
03/01/02	05/01/02	61.00	\$ 1,489,871	\$ 1,161,821	\$ -	\$ 2,651,692	4.60%	2.81
02/01/02	04/01/02	59.00	\$ 3,341,069	\$ (51,146)	\$ (372)	\$ 3,289,551	5.71%	3.37
01/01/02	03/01/02	59.00	\$ 4,233,558	\$ 2,838,537	\$ (541)	\$ 7,071,554	12.27%	7.24
12/01/01	02/01/02	62.00	\$ 3,080,337	\$ 437,634	\$ (372)	\$ 3,517,598	6.11%	3.79
11/01/01	01/01/02	61.00	\$ 4,923,373	\$ 4,265,793	\$ (525)	\$ 9,188,641	15.95%	9.73
10/01/01	12/01/01	61.00	\$ 3,961,351	\$ 3,182,988	\$ (388)	\$ 7,143,951	12.40%	7.56
09/01/01	11/01/01	61.00	\$ 2,997,036	\$ 3,020,320	\$ (486)	\$ 6,016,870	10.44%	6.37
08/01/01	10/01/01	61.00	\$ 3,999,386	\$ 2,488,065	\$ (429)	\$ 6,487,022	11.26%	6.87
07/01/01	09/01/01	62.00	\$ 4,746,251	\$ 375,649	\$ (494)	\$ 5,121,406	8.89%	5.51
06/01/01	08/01/01	61.00	\$ 6,177,284	\$ 1,327,941	\$ (428)	\$ 7,504,797	13.03%	7.95
05/01/01	07/01/01	61.00	\$ (2,134,814)	\$ (771,387)	\$ (503)	\$ (2,906,704)	-5.05%	(3.08)
Totals			\$ 38,668,091	\$ 18,946,695	\$ (4,911)	\$ 57,609,875	100.00%	60.79

Central Illinois Public Service Company
Staff's Calculation of PGA Lag
For the Test Year Ended June 30, 2002
(in thousands)

1 PGA Amount: \$ 86,819
2 PGA True-Ups: \$ 10,982
3 Residual PGA Amount \$ 75,837
4 Weight on True-Ups: 12.6%
5 Weight on Residual: 87.4%
6 PGA True-Up Lag: 61.22 days
7 Residual PGA Lag: 41.45 days
8 Weighted PGA Lag: 43.95 days

	Service Beginning Date	PGA Recovery Beginning Date	Nominal Lag	Under/(Over) Recovery for Prior Period Schedule II, line 3 monthly PGA filings			Total Amount	Weighting Factor	Weighted Lead
	A	B	C	Commodity Charge Amount D	Demand Gas Charge Amount E	Take or Pay Charge Amount F	G = D+E+F	H	I = H * C
9	04/01/02	06/01/02	61.00	\$ (441,114)	\$ 721,625	\$ -	\$ 280,511	2.55%	1.56
10	03/01/02	05/01/02	61.00	\$ (2,141,135)	\$ (1,676,716)	\$ 1	\$ (3,817,850)	-34.77%	(21.21)
11	02/01/02	04/01/02	59.00	\$ (578,364)	\$ (488,780)	\$ -	\$ (1,067,144)	-9.72%	(5.73)
12	01/01/02	03/01/02	59.00	\$ 1,241,772	\$ (1,510,380)	\$ (16)	\$ (268,624)	-2.45%	(1.44)
13	12/01/01	02/01/02	62.00	\$ 693,956	\$ (1,153,860)	\$ 16	\$ (459,888)	-4.19%	(2.60)
14	11/01/01	01/01/02	61.00	\$ 1,309,762	\$ 1,156,182	\$ (39)	\$ 2,465,905	22.45%	13.70
15	10/01/01	12/01/01	61.00	\$ 1,027,698	\$ 835,922	\$ 41	\$ 1,863,661	16.97%	10.35
16	09/01/01	11/01/01	61.00	\$ (1,508,089)	\$ 977,668	\$ 8	\$ (530,413)	-4.83%	(2.95)
17	08/01/01	10/01/01	61.00	\$ (420,829)	\$ 1,160,124	\$ (1)	\$ 739,294	6.73%	4.11
18	07/01/01	09/01/01	62.00	\$ (897,895)	\$ 1,147,036	\$ 9	\$ 249,150	2.27%	1.41
19	06/01/01	08/01/01	61.00	\$ 8,178,417	\$ 3,195,501	\$ 39	\$ 11,373,957	103.57%	63.18
20	05/01/01	07/01/01	61.00	\$ (837,883)	\$ 990,948	\$ 29	\$ 153,094	1.39%	0.85
21	Totals			\$ 5,626,296	\$ 5,355,270	\$ 87	\$ 10,981,653	100.00%	61.22

**UNION ELECTRIC COMPANY
LEAD LAG STUDY - REVISED
CALCULATION OF PGA REVENUE LAG**

PGA Amount: \$ 9,852
PGA True-Ups: \$ 5,973
Residual PGA Amount: \$ 3,879
Weight on True-Ups: 60.6%
Weight on Residual: 39.4%
PGA True-Up Lag: 60.98 days
Residual PGA Lag: 40.16 days
Weighted PGA Lag: **52.79** days

Service Beginning Date	PGA Recovery Beginning Date	Nominal Lag	Total Adjustments to Gas Costs before Amortization				Weighting Factor	Weighted Lead
			Commodity Charge Amount	Demand Gas Charge Amount	Take or Pay Charge Amount	Total Amount		
04/01/02	06/01/02	61.00	\$ 573,982	\$ (194,166)	\$ (117)	\$ 379,699	6.36%	3.88
03/01/02	05/01/02	61.00	\$ 640,551	\$ (518,836)	\$ 395	\$ 122,110	2.04%	1.25
02/01/02	04/01/02	59.00	\$ 696,068	\$ (185,371)	\$ (116)	\$ 510,581	8.55%	5.04
01/01/02	03/01/02	59.00	\$ 810,684	\$ (375,781)	\$ 396	\$ 435,299	7.29%	4.30
12/01/01	02/01/02	62.00	\$ 709,482	\$ 11,565	\$ (112)	\$ 720,935	12.07%	7.48
11/01/01	01/01/02	61.00	\$ 1,055,253	\$ (106,389)	\$ 343	\$ 949,207	15.89%	9.69
10/01/01	12/01/01	61.00	\$ 1,126,084	\$ (109,716)	\$ 187	\$ 1,016,555	17.02%	10.38
09/01/01	11/01/01	61.00	\$ 1,135,735	\$ 9,552	\$ 494	\$ 1,145,781	19.18%	11.70
08/01/01	10/01/01	61.00	\$ 1,208,039	\$ (376,871)	\$ 307	\$ 831,475	13.92%	8.49
07/01/01	09/01/01	62.00	\$ 1,168,045	\$ (97,719)	\$ 572	\$ 1,070,898	17.93%	11.12
06/01/01	08/01/01	61.00	\$ (14,661)	\$ (535,083)	\$ 288	\$ (549,456)	-9.20%	(5.61)
05/01/01	07/01/01	61.00	\$ (5,312)	\$ (655,300)	\$ 645	\$ (659,967)	-11.05%	(6.74)
Total			\$ 9,103,950	\$ (3,134,115)	\$ 3,282	\$ 5,973,117	100.00%	60.98

Union Electric Company
Staff's calculation of PGA Lag
For the Test Year Ended June 30, 2002
(in thousands)

1 PGA Amount: \$ 9,852
2 PGA True-Ups: \$ 1,122
3 Residual PGA Amount: \$ 8,730
4 Weight on True-Ups: 11.4%
5 Weight on Residual: 88.6%
6 PGA True-Up Lag: 63.22 days
7 Residual PGA Lag: 40.16 days
8 Weighted PGA Lag: **42.79** days

	Service Beginning Date	PGA Recovery Beginning Date	Nominal Lag	Under/(Over) Recovery for Prior Period Schedule II, line 3 monthly PGA filings				Weighting Factor	Weighted Lead
				Commodity Charge Amount	Demand Gas Charge Amount	Take or Pay Charge Amount	Total Amount		
9	04/01/02	06/01/02	61.00	\$ (124,364)	\$ (8,795)	\$ (1)	\$ (133,160)	-11.87%	(7.24)
10	03/01/02	05/01/02	61.00	\$ (190,512)	\$ (141,413)	\$ (1)	\$ (331,926)	-29.59%	(18.05)
11	02/01/02	04/01/02	59.00	\$ (45,237)	\$ (196,936)	\$ (4)	\$ (242,177)	-21.59%	(12.74)
12	01/01/02	03/01/02	59.00	\$ 70,586	\$ (269,392)	\$ 53	\$ (198,753)	-17.72%	(10.45)
13	12/01/01	02/01/02	62.00	\$ (217,159)	\$ 122,452	\$ (299)	\$ (95,006)	-8.47%	(5.25)
14	11/01/01	01/01/02	61.00	\$ (5,672)	\$ (5,677)	\$ (151)	\$ (11,500)	-1.03%	(0.63)
15	10/01/01	12/01/01	61.00	\$ 25,666	\$ 157,440	\$ (120)	\$ 182,986	16.31%	9.95
16	09/01/01	11/01/01	61.00	\$ (105,622)	\$ 107,271	\$ (78)	\$ 1,571	0.14%	0.09
17	08/01/01	10/01/01	61.00	\$ 111,739	\$ 158,212	\$ 19	\$ 269,970	24.07%	14.68
18	07/01/01	09/01/01	62.00	\$ 1,168,855	\$ 534,402	\$ (73)	\$ 1,703,184	151.85%	94.14
19	06/01/01	08/01/01	61.00	\$ (42,456)	\$ 78,688	\$ 247	\$ 36,479	3.25%	1.98
20	05/01/01	07/01/01	61.00	\$ (196,291)	\$ 136,838	\$ (561)	\$ (60,014)	-5.35%	(3.26)
21	Total			\$ 449,533	\$ 673,090	\$ (969)	\$ 1,121,654	100.00%	63.22

Central Illinois Public Service Company
Adjustment to Cash Working Capital
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amount (B)	Source (C)
1	Cash Working Capital per Staff	\$ -	
2	Cash Working Capital per Company	<u>7,386</u>	AmerenCIPS Exhibit No. 14.6
3	Adjustment to Cash Working Capital per Staff	<u>\$ (7,386)</u>	Line 1 minus line 2

Union Electric Company
Adjustment to Cash Working Capital
For the Test Year Ended June 30, 2002
(in thousands)

<u>Line</u> <u>No.</u>	<u>Description</u> (A)	<u>Amount</u> (B)	<u>Source</u> (C)
1	Cash Working Capital per Staff	\$ -	
2	Cash Working Capital per Company	<u>840</u>	AmerenUE Exhibit No. 14.6
3	Adjustment to Cash Working Capital per Staff	<u>\$ (840)</u>	Line 1 minus line 2

Central Illinois Public Service Company
Adjustment to Materials and Supplies
For the Test Year Ended June 30, 2002
(in thousands)

<u>Line No.</u>	<u>Description (A)</u>	<u>Amount (B)</u>	<u>Source (C)</u>
1	Materials & Supplies per Company	\$ 1,381	Company Schedule B-5
2	Percentage included in Accounts Payable	<u>23%</u>	Response to CIPS-060
3	Materials & Supplies in Accounts Payable	<u>\$ 318</u>	Line 1 times line 2
4	Materials & Supplies per Staff	\$ 1,063	Line 1 minus line 3
5	Materials & Supplies per Company	<u>1,063</u>	AmerenCIPS Exhibit No. 14.2
6	Staff proposed adjustment to Materials & Supplies	<u>\$ 0</u>	Line 4 minus line 5

Union Electric Company
Adjustment to Materials and Supplies
For the Test Year Ended June 30, 2002
(in thousands)

<u>Line No.</u>	<u>Description</u> (A)	<u>Amount</u> (B)	<u>Source</u> (C)
1	Materials & Supplies per Company	\$ 47	Company Schedule B-5
2	Percentage included in Accounts Payable	<u>23%</u>	Response to UE-060
3	Materials & Supplies in Accounts Payable	<u>\$ 11</u>	Line 1 times line 2
4	Materials & Supplies per Staff	\$ 36	Line 1 minus line 3
5	Materials & Supplies per Company	<u>36</u>	AmerenUE Exhibit No. 14.2
6	Adjustment to Materials & Supplies	<u>\$ 0</u>	Line 4 minus line 5

Central Illinois Public Service Company
Adjustment to Uncollectible Expense
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Gas Operating Revenues (B)	904 Uncollectible Expense (C)	Uncollectible % (D) (B) / (C)	Source (E)
1	2002 Totals	\$ 156,895	\$ 1,657	1.06%	Company response to CIPS&UE-TEE-017
2	2001 Totals	162,653	1,202	0.74%	Company response to CIPS&UE-TEE-017
3	2000 Totals	169,363	546	0.32%	Company response to CIPS&UE-TEE-017
4	1999 Totals	124,645	704	0.56%	Company response to CIPS&UE-TEE-017
5	1998 Totals	119,909	768	0.64%	Company response to CIPS&UE-TEE-017
6	5-Year Average			0.66%	Sum of Column (D) lines 1 through 5 divided by 5
7	Total Test Year Company Revenue			\$ 148,873	Company Schedule C-1, Col B, line 1
8	Uncollectible Expense per Staff			\$ 989	Line 6 times line 7
9	Uncollectible Expense per Company			<u>1,442</u>	Company Exhibit CIPS-027
10	Adjustment to Uncollectible Expense			<u>\$ (453)</u>	Line 8 minus line 9

Union Electric Company
Adjustment to Uncollectible Expense
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Gas Operating Revenues (B)	904 Uncollectible Expense (C)	Uncollectible % (D) (B) / (C)	Source (E)
1	2002 Totals	\$ 16,244	\$ (247)	-1.52%	Company response to CIPS&UE-TEE-017
2	2001 Totals	17,387	732	4.21%	Company response to CIPS&UE-TEE-017
3	2000 Totals	18,304	(112)	-0.61%	Company response to CIPS&UE-TEE-017
4	1999 Totals	12,128	79	0.65%	Company response to CIPS&UE-TEE-017
5	1998 Totals	10,495	108	1.03%	Company response to CIPS&UE-TEE-017
6	5-Year Average			0.75%	Sum of Column (D) lines 1 through 5 divided by 5
7	Total Test Year Company Revenue			<u>13,606</u>	Company Schedule C-1, Col B, line 1
8	Uncollectible Expense per Staff			\$ 102	Line 6 times line 7
9	Uncollectible Expense per Company			<u>399</u>	Company Exhibit CIPS-027
10	Adjustment to Uncollectible Expense			<u>\$ (297)</u>	Line 8 minus line 9

Central Illinois Public Service Company
Adjustment to Advertising Expense
For the Test Year Ended June 30, 2002
(in thousands)

<u>Line No.</u>	<u>Description</u> (A)	<u>Amount</u> (B)	<u>Amount</u> (C)	<u>Source</u> (D)
1	Ad for CIPS' Environmental Adjustment Clause 07/01	\$ 2		CIPS WPC-3.9
2	Notice of Filing the CIPS' Gas Rate Increase	3		CIPS WPC-3.9
3			<u>\$ 5</u>	Sum of lines 1 and 2
4				
5	Pro Forma Adjustment to Advertising Expense per Staff		\$ 5	Line 6 minus line 3
6	Pro Forma Adjustment to Advertising Expense per Company		10	Company Schedule C-3.9
7	Adjustment to Advertising Expense		<u>\$ (5)</u>	Line 5 minus line 6

Union Electric Company
Adjustment to Advertising Expense
For the Test Year Ended June 30, 2002

<u>Line</u> <u>No.</u>	<u>Description</u> (A)	<u>Amount</u> (B)	<u>Amount</u> (C)	<u>Source</u> (D)
1	Ad for UE's Environmental Adjustment Clause 07/01	\$ 0.5		UE WPC-3.9
2	Notice of Filing the UE's Gas Rate Increase	0.5		UE WPC-3.9
3			\$ 1	Sum of lines 1 and 2
4				
5	Pro Forma Adjustment to Advertising Expense per Staff		\$ 1	Line 6 minus line 3
6	Pro Forma Adjustment to Advertising Expense per Company		2	Company Schedule C-3.9
7	Adjustment to Advertising Expense		\$ (1)	Line 5 minus line 6

Central Illinois Public Service Company
Adjustment to Charitable Contributions
For the Test Year Ended June 30, 2002
(in thousands)

<u>Line No.</u>	<u>Description</u> (A)	<u>Amount</u> (B)	<u>Amount</u> (C)	<u>Source</u> (D)
1	Charitable Contributions per Staff		\$ 50	ICC Staff Exhibit 3.0, Schedule 3.5, line 1
2	Charitable Contributions per Company In Direct Testimony	73		Company Schedule C-3.8
3	Adjustment per Company	(23)		AmerenCIPS Exhibit No. 14.5, line 10
4	Adjusted Charitable Contributions per Company in Rebuttal Testimony		50	Line 2 minus line 3
3	Adjustment to Charitable Contributions		\$ -	Line 1 minus line 4

Central Illinois Public Service Company
Adjustment to Membership Dues
For the Test Year Ended June 30, 2002
(in thousands)

<u>Line No.</u>	<u>Description (A)</u>	<u>Amount (B)</u>	<u>Amount (C)</u>	<u>Source (D)</u>
1	Membership Dues per Staff		\$ 1	ICC Staff Exhibit 3.0, Schedule 3.6, line 1
2	Membership Dues per Company in Direct Testimony	6		Company Schedule C-3.8
3	Adjustment per Company	(5)		AmerenCIPS Exhibit No. 14.5, line 12
4	Adjusted Membership Dues per Company in Rebuttal Testimony		<u>1</u>	Line 2 minus line 3
5	Adjustment to Membership Dues		<u>\$ -</u>	Line 1 minus line 4

Central Illinois Public Service Company
Adjustment to Customer Deposits and Interest
For the Test Year Ended June 30, 2002
(in thousands)

<u>Line No.</u>	<u>Description (A)</u>	<u>Amount (B)</u>	<u>Amount (C)</u>	<u>Source (D)</u>
1	Interest on Customer Deposits per Staff		\$ 10	ICC Staff Exhibit 3.0, Schedule 3.7CIPS, Page 2 line
2	Interest on Customer Deposits per Company in Direct Testimony	18		Company Schedule C-3.8
3	Adjustment per Company	(8)		AmerenCIPS Exhibit No. 14.5, line 8
4	Adjusted Interest on Customer Deposits per Company in Rebuttal Testimony		10	Line 2 minus line 3
5	Proposed adjustment to Interest on Customer Deposits per Staff		\$ -	Line 1 minus line 4
6	Customer deposits per Staff		\$ (688)	Page 2 line 14
7	Customer deposits per Company		(688)	AmerenCIPS Exhibit No. 14.6, line 7
8	Proposed adjustment to Customer Deposits		\$ -	Line 4 minus line 5

Docket 02-0837/03-0008/
03-0009 (Consolidated)
ICC Staff Exhibit 10.0
Schedule 10.7 UE

Union Electric Company
Adjustment to Customer Deposits
For the Test Year Ended June 30, 2002
(in thousands)

<u>Line</u> <u>No.</u>	<u>Description</u> (A)	<u>Amount</u> (B)	<u>Source</u> (C)
1	Customer deposits per Staff	\$ (46)	ICC Staff Exhibit 3.0, Exhibit 3.7UE, Page 2 line 14
2	Customer deposits per Company	<u>(46)</u>	AmerenUE Exhibit No. 14.6, line 7
3	Adjustment to Customer Deposits	<u>\$ -</u>	Line 1 minus line 2

Central Illinois Public Service Company
Adjustment to Income Tax Expense
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Amount (B)	Federal Income Tax (C)	State Income Tax (D)	Source (E)
1	Operating Income			\$ 6,907	Company Schedule C-1, Column D, line 7
2	Income Tax			<u>1,285</u>	Sum of line 14 Columns C & D
3	Operating Income Before Income Tax			8,192	Line 1 plus line 2
4	Interest Expense			<u>(5,528)</u>	Company Schedule C-6, Column D, line 8
5	Taxable income - State		\$ 2,664	2,664	Line 3 plus line 4
6	State income tax		<u>194</u>		Line 9
7	Taxable Income - Federal		2,470		Line 5 minus line 6
8	Tax rate		<u>35.00%</u>	<u>7.30%</u>	
9	Income Tax Expense per Staff		864	194	Taxable income times line 8
10	Federal Income Tax	\$ 1,389			
11	Deferred Income Taxes Account 190	(562)			Company Schedule C-6, page 2, line 37
12	Deferred Income Taxes Account 282	180			Company Schedule C-6, page 2, line 38
13	Deferred Income Taxes Account 283	<u>(35)</u>			Company Schedule C-6, page 2, line 39
14	Income Tax Expense per Company		<u>972</u>	<u>313</u>	
15	Adjustment to Income Tax Expense		<u>\$ (108)</u>	<u>\$ (119)</u>	Line 5 minus line 10

Union Electric Company
Adjustment to Income Tax Expense
For the Test Year Ended June 30, 2002
(in thousands)

Line No.	Description (A)	Federal Income Tax (B)	State Income Tax (C)	Source (D)
1	Operating Income		\$ (975)	Company Schedule C-1, Column D, line 7
2	Income Tax		<u>(206)</u>	Company Schedule C-6, page 2, lines 38 and 39
3	Operating Income Before Income Tax		\$ (1,181)	Line 1 plus line 2
4	Interest Expense		<u>(371)</u>	Company Schedule C-6, Column D, line 8
5	Taxable income - State	\$ (1,552)	\$ (1,552)	Line 3 plus line 4
6	State income tax	<u>(113)</u>		Line 9
7	Taxable Income - Federal	\$ (1,439)		Line 5 minus line 6
8	Tax rate	<u>35.00%</u>	<u>7.30%</u>	
9	Income Tax Expense per Staff	(543)	(113)	Taxable income times line 8
10	Income Tax Expense per Company	<u>(206)</u>	-	
11	Adjustment to Income Tax Expense	<u>\$ (337)</u>	<u>\$ (113)</u>	Line 9 minus line 10